

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
January 20 & 21, 2010**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 A.M., on January 20, 2010, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present at the meeting were: Chair Carol Moser, Bob Distler, Dick Ford, Elmira Forner, Latisha Hill, Dan O'Neal and Philip Parker.

MINUTES SUMMARY ADOPTION

The Commission moved to adopt the meeting minutes summary of the December 15 & 16, 2009 Commission meeting as amended. The motion passed unanimously.

TOLLING WORK SESSION

Craig Stone, Director, Toll Division, WSDOT, opened the presentation with an overview of the SR 520 initial rate setting schedule.

Approaches to Toll Setting on SR 520

- Total cost not to exceed \$4.65 billion
- Variable toll rates
- \$2.37 billion funding gap
- Unique tolling rates for early tolling, followed by higher rates once the corridor is completed.

Knowns and Unknowns

- SR 520 Workgroup Recommendations – known
- Timing for funding the Eastside – unknown
- Final configuration of Westside interchange – unknown
- Finance plan – unknown

Initial Scenario – Scenario 7 recommended by SR 520 Working Group

- 2011 rates at maximum of \$3.25
- Higher rates in 2016, post-construction
- Maximize revenue and Minimize diversion
- Free flow of traffic at 45 mph or higher 90 percent of peak hours

Discussion about how to provide something for the toll money paid. Distinguish between pricing the system and tolling to pay for the bridge. This is first time Commission is facing how to balance two objectives.

Aim for the toll rate that will maximize throughput (1750 trips/hour). Westbound SR 520 is more problematic because there is no additional capacity in that direction.

Additional Issues to Consider

- Consistency among corridors. Hard to achieve beyond operations -- with project differences

Base Rates and Financial Policies
Discounts and Exemptions ... Consistency among corridors?
How to handle trucks, buses?

When WSDOT does a traffic study, it uses conservative estimates. When WSDOT does an environmental review, it uses assumptions that generate a high number of vehicles.

How do we make up difference if higher cost than anticipated? Tolls or other funding?
Not in WSDOT problem scope.

Issues to Consider Regarding Complexity and Fees

Efficient traffic management
Simplicity/fairness to customer
Communication/real time display to customer
Varying price by account/payment type?
Charge fees for higher collection cost?

Rate-Setting Issues

Full rate and fee schedule?
Time period for adjusting
How to “adjust” rates: WSDOT role? abbreviated process?
How to solicit public input? Limited to tolls? Or corridor management?
Consistent among all corridors?

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP02_520RateStructureAndSettingHandouts.pdf

Toll Rate Setting in Orange County

Orange County Toll Authority (OCTA) sets policy and goals, within which rates can be adjusted. Toll rates go into effect 10 days after change; rates in effect for six months or more.

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP02_SR520TollRate.pdf

What performance does Commission expect? What is Commission’s flexibility to establish a range of rates and/or time segments? Can Commission delegate some role for WSDOT to operate within specified parameters?

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP03_LetterOnTacomaNarrowsBridge.pdf

WSDOT Request Tolling Bills in the Legislature. House Bill 2897

Open-road tolling implementation for all facilities

- 80-day compliance window
- WSDOT enforcement, not by WSP
- House Bill 2897 creates an infraction that goes to District Court

- Substitute Senate Bill 6499 creates civil penalty administered by WSDOT

Central toll account; costs allocated based on number of transactions.

TNB Rate Setting

Alan Weaver, Chair, Citizen Advisory Committee, Tacoma Narrows Bridge, presented three topics for discussion:

- Determination of reserve. No need to increase the reserve substantially. TNB bonds already sold; so far weather has reduced traffic volume to \$500,000 detriment. TNB not fully secured by tolls, but by tolls and state's full faith and credit.
- Jim Pasin, member, CAC, noted that the CAC Recommended tolls will increase use of Good to Go, improving traffic flow and lowering operating cost. Capture more of the violator revenue: unaccounted for revenue over three years totals over \$12 million.
- Ted Hilliard, member, CAC, noted that ETC discounts take the place of other discounts and reduce the impact of tolls on frequent users.

Purpose of coverage ratio is to demonstrate/prove that adequate money is there to pay principal and interest.

The Commission considered a TNB Coverage Ratio Policy recommended by the Commission Tolling Team: phase in coverage ratio to reach 110% of principal and interest – over three years. Payment of legislative loan and deferred sales tax paid out of total toll revenues.

Commissioners raised the following points: The Commission's responsibility is to the whole state, not only to the TNB toll payers. The Commission needs to demonstrate that it is independent and prudent.

Senator Kilmer noted that the State just had a bond sale at low rates. He emphasized that Washington is well-regarded by Wall Street. The TNB is different from other facilities and shouldn't be expected to have a higher reserve. We are in the midst of a Great Recession; keep costs to resident toll payers as low as possible.

Representative Seaquist emphasized that the Treasurer's recommendation is irrelevant; the TNB is backed by the full faith and credit and has three years of experience. We ought to be providing residents the lowest cost, and charging tourists and occasional users more. Now that we have 2-1/2 year's experience, we know what traffic will be; we don't need a cushion to be prudent. He questioned if the Commission will hold any additional public meetings to explain proposal and get feedback? The public needs to understand this and the CAC needs to react.

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP03_%20CAC_TNB.pdf

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP03_TNBAdditionalRequestedScenarioInfo.pdf

TNB Violation Processing

Currently, there is a limited opportunity for someone to pay toll after they travel across the bridge. Mr. Stone laid out three options:

- Allow TNB drivers the same payment options as SR 520 Bridge.
- Allow seven days to set up a Good to Go account.
- Allow drivers to pay toll without setting up an account. This would take a change to CSC to allow cash payment.

Other Tolling Studies

- Alaskan Way Viaduct Replacement. The Budget is \$3.1 billion and variable toll rate scenarios are developed.
- I-405 Express Toll Lanes. New construction/expansion funded by toll collection.
- Columbia River Crossing developed two toll scenarios, for I-5 alone and for I-5 and I-205. Dual bridge tolling could generate between \$2 billion to \$3.36 billion. Early tolling could generate an additional \$330 million.
- Tolling could help pay for SR 509 and SR 167 connections to I-5, but cannot solely pay for project costs.

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP03_TNBTollRateSetting.pdf

Public Comment

Randy Boss, resident, Gig Harbor, noted that the CAC and Commission have kept about \$5 million TNB reserve. Over \$1 million toll violation revenue is lost and should be captured and added to TNB account. Shouldn't charge tolls more than what is "sufficient" to pay back bonds.

SR 520 LEGISLATIVE WORKING GROUP REPORT

Barbara Gilliland, Administrator, SR 520 Legislative Work Group, co-chaired by Senator Rodney Tom and Representative Scott White. Explained that there were two objectives:

- Recommend corridor design options within \$4.65 billion budget.
- Recommend a financing strategy.

What people are talking about the most is what happens after people leave the SR 520 corridor.

Eastside Corridor estimated at \$766 million. Floating bridge at \$1.2 billion; the West Side at \$2.027 to \$2.127 billion.

Option A+ Rationale (page 13 of the handout) won broad support. Distance from freeway station to Sound Transit station is about 1200'.

Some of the options considered have a remote chance of receiving permits. This is one of the reasons there was strong support for Option A+. We have worked with resource agencies for 6 years.

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP04_SR520LegWkgrp.pdf

UPDATE ON TIPP PROGRAM

Jeff Doyle, Director, Public-Private Partnerships, WSDOT, provided an update on Edmonds Ferry Terminal RFP and a proposal for streamlining non-toll PPPs.

The Edmonds Ferry Terminal RFP was advertised this week. WSDOT is not using the PPP process in order to move quickly. It is most like what WSDOT did in 1993 with initial call for projects, but we have had to tap into a variety of different statutes, including design-build pilots, and equal value exchange. Still no guarantee of success, or that this approach will work more quickly than using PPP.

The Commission discussed streamlining non-toll PPP proposals:

- Best practices review;
- Consolidate WSDOT PPP authorities into a single chapter of law;
- Require an early PPP financial comparison for all mega-projects;
- Provide streamlined procedures for rapid-response and relatively smaller projects.

The Commission will seek WSDOT support as a partner to seeking legislative action.

It was moved by Commissioner Forner and seconded by Commissioner O'Neal to approve the draft proposal as outlined to move forward with streamlining non-toll PPP development, subject to continuing Commission review. The motion passed unanimously.

WTP WORK SESSION

Bonnie Berk, Principal, Berk & Associates, Paul Roberts, LLC and Tim Payne, Principal, Nelson/Nygaard Consulting provided an update on the WTP project.

Ms. Berk provided an update on the WTP's advisory group and outreach. The main focus of today's presentation is to obtain Commission feedback on the strategies and outcomes suggested by the Advisory Group. There has been very positive support from the Advisory Group and legislators on adding Economic Vitality as a sixth goal.

Emphasis was put on the fact that the goals need to be looked at holistically, their impact on each other, because there is not one that comes first before others. Try to incorporate system efficiency and reliability in the outcomes. Time is valued and a good measurement to use; economic efficiency is another measure.

Emphasize performance and value for dollars spent.

There are environmental issues missing, some are too prescriptive and the outcomes can be better stated. How to reduce GHG remains in flux and may be addressed differently in different regions. Need to be idealistic, but grounded in reality of cost benefit analysis.

Consider tax on petroleum to fund efforts to prevent stormwater pollution (as well as clean up).

Add “Improve livability of cities” as an outcome.

Recognize two parts of freight movement: long-distance and the distribution system. Freight costs are very important to agriculture, paid by farmer to point of delivery. Whether we invest in the transportation system, determines whether we support agricultural industry. Consider how investment in all-weather roads impacts/contrasts with investment in rail.

Regional listening sessions: Vancouver, Seattle, Tri-Cities, Spokane (and Bellingham?). Developing an outreach calendar over the next few weeks.

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP06_WTP_Update_PresentationToWSTC.pdf

Tacoma Narrows Bridge Toll Setting Action

The question of how much reserve is enough is at the heart of the discussion.

Commissioner’s expressed the following concerns and priorities in setting toll rates:

- Commission must demonstrate independence and prudence;
- Meet statutory toll setting requirements;
- We need to respect the work and effort the CAC put into its recommendations and take their recommendations into account;
- Must take the state of the economy and impact on toll payers into account;
- Need to take a statewide perspective, since the motor vehicle fund pays if TNB account is inadequate;
- Concern about rate disparity between cash rate and ETC rate.

It was moved by Commissioner Parker and seconded by Commissioner Distler to approve a proposed toll rate of \$3.40 ETC and \$5.00 cash for the Tacoma Narrows Bridge.

Commissioner Forner moved to amend the motion to reflect \$3.25 ETC and \$4.00 cash. No second, motion failed.

Chair Moser moved and Commissioner Hill seconded a substitute motion of \$3.25 ETC and \$5.00 cash. The motion passed four (yes) and three (no).

SECRETARY’S REPORT

Paula Hammond, Secretary, WSDOT, shared information regarding several topics.

WSDOT is beginning to talk about the need for new revenue. The *Chetzemoka* will be delivered in June; the next 64-car boat is scheduled for delivery in November.

WSDOT has reached an agreement with Sound Transit on how much will be paid for center-lanes on the I-90 Bridge.

Local members of Columbia River Crossing group from both states have asked for a new look at the project. We have come too far to move backwards on this project.

The Commission discussed the legislative efforts to add “economic vitality” to the statutory transportation goals.

2010 FERRY CUSTOMER SURVEY UPDATE

Bill Svendsen, Market Decisions Corporation, briefed the Commission on the new ferry customer survey design and process, and pointed out the content of the survey questions is up to the Commission and its survey team.

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP08_WSF_Presentation.pdf

WASHINGTON STATE FERRIES RESERVATION SYSTEM REPORT

David Moseley, Assistant Secretary, WSF, discussed the work to date by WSF in designing a reservation system. WSF built on experiences of WSF and other ferry systems, internal discussions and engagement with ferry customers.

A key need is improved ITS and communication systems. Need real-time information and ability to convey that.

Key elements:

- Business rules for reservation system
- Vehicle processing and terminal operations
- Reservations Information Technology

Preferred alternative is expansion of reservation system to all but Vashon Island and Mukilteo-Clinton routes. Over half the estimated capital implementation cost is for ITS (\$12.9 million of \$25 million).

http://wstc.wa.gov/AgendasMinutes/agendas/2010/Jan20/20100120_BP09_VehicleReservationPreDesignPres.pdf

PUBLIC COMMENT

Public Comment

Paul Lundy, Kingston FAC, shared that he appreciates the public outreach on the 2010 WSF Survey. The ferry reservation system will have a lot of support if it works as they have planned it.

Mayor Chuck Hunter, City of Gig Harbor, noted that there are about 7 thousand citizens and 40 thousand in the adjacent area. Having a 110% reserve is not fair to the citizens; pay the debt and have a contingency fund.

The Commission clarified that it aims for 110% coverage of principal and interest; that is different from a reserve.

Rob Carlinze, City Manager of Gig Harbor, stated that he is mystified as to why 110% coverage is suddenly important and where it comes from. We want to be self-sustaining;

but we don't want to be bullied by King County. Our sales tax revenue is down 20% and our building permits are down 70%. We don't want to exacerbate that.

Alan Mendel shared that the Ferry Advisory Committee supports the planning for the Reservation System.

COMMISSION BUSINESS

The Commission approved the 2009 Annual Report, subject to recommended amendments.

The White Papers should state at the top that they are written as background papers to help the Commission understand emerging issues and potentially develop positions.

The Commission approved the white papers on Economic Vitality and Rural Road Safety.

The Commission considered proposed definitions of "economic vitality" and decided to support the definition in HB 2937.

Paul Parker, Senior Policy Analyst, WSTC, briefed the Commission on key legislation.

If you would like additional detail on what occurred at any Commission meeting in Olympia, please refer to our web site at www.wstc.wa.gov and click on the link titled "Meeting Audio on TVW" under the 2009 Olympia Meetings section of the home page. There you will be able to access the full audio recording of the meeting. If you have questions please contact our office at 360-705-7070.

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ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL